



Washington, D. C. 20505

## MEMORANDUM

SUBJECT: Comparison of Soviet and US Defense Activities, 1972-81

1. For the 1972-81 period, the estimated cumulative dollar costs of Soviet defense activities—that is, the cost of reproducing them in the United States—exceeded US defense outlays by almost 50 percent. The estimated dollar cost of Soviet programs in 1981 was \$222 billion, or 45 percent more than the comparable US outlays of \$154 billion. In other words, the USSR committed substantially more resources (measured in terms of dollar costs) over the period than did the United States. This was true for total defense activities and for almost every component of that total as well. While the gap between Soviet and US spending narrowed somewhat at the end of the period 1972-81 as the US began to increase its defense outlays, the USSR has continued to outspend the US by substantial margins in most categories.

2. The growth in overall dollar costs of Soviet defense activities incorporated growth in all of the major resource categories—investment, operating, research development testing and evaluation. Although investment showed considerable growth over the period as a whole, these dollar costs leveled off during the 1976-81 period. The cumulative dollar cost of Soviet investment for the decade overall was 80 percent higher than US investment outlay. The estimated dollar costs for the Soviets were more than twice the US outlays in the mid-1970s, but, because of the later leveling off of Soviet programs and growth in US costs, this margin had decreased to 60 percent by 1981. The estimated dollar cost for Soviet RDT&E was 70 percent greater than US outlays for the period and was more than twice as great in 1981. Moreover, we believe these figures do not take into account the very large savings the Soviets realized over time in research and development by obtaining Western technology through both overt and covert means. Finally, the dollar operating costs for Soviet activities were about 25 percent higher than those for the US both for the period in general and in 1981.

3. The dollar costs of the two countries' defense establishments can also be compared in terms of the major missions carried out by different components of the forces. For example, the estimated dollar costs excluding RDT&E of Soviet strategic forces for 1972-81 were more than three times as large as US strategic outlays. In 1981, estimated dollar costs of Soviet intercontinental attack forces exceeded US outlays by about 50 percent—even at a time when the US was investing in Trident, air launched cruise missiles, and B-52 enhancement programs. In one area, ICBMs, estimated Soviet dollar costs were 10 times as large as comparable US outlays. The estimated cumulative dollar costs through the decade of Soviet SLBM programs was about 65 percent greater than corresponding US outlays, and about 40 percent greater in 1981 alone—again, a narrowing represented by an increase in US spending (mainly on Trident) rather than any decline in Soviet effort. By the same token, cumulative US outlays for intercontinental bombers over the period were considerably larger than for comparable Soviet activities, reflecting a much greater emphasis the US has attached historically to long range manned bombers. In the strategic defense area (ABM, SAMs, interceptors, control and warning systems), the estimated cumulative dollar costs of Soviet spending were more than 10 times as great as US outlays and for 1981 more than 20 times as great, thus

reflecting differences of the two country's strategic doctrine as well as differences in the bomber threat. Finally, for the decade, the estimated cumulative dollar costs of Soviet general purpose forces were 65 percent more than corresponding US outlays, including over 40 percent greater in 1981. In land forces alone we estimate the Soviets' dollar cost was nearly three times as much as the US for the period. While US outlays grew substantially later in the period, even in 1981 the dollar costs of Soviet land forces were still about 2 1/2 times the US outlays.

4. Two observations are in order. First, based on our 20 years' experience in doing such dollar cost estimates, our dollar costing effort is best used to compare overall magnitudes and trends of defense activities between the Soviet Union and the United States in terms of resource inputs, taking into account differences in technical characteristics of hardware, the number and mix of weapons procured, manpower strengths, and the operating and training levels of the forces. These estimates are not a measure of overall effectiveness of US and Soviet forces. They are useful principally as a general indicator of changes over time and a country's emphasis on military forces and not as a comparison of overall capabilities. It also enables us over that period of time to measure relative emphasis on the different missions of the Soviet armed forces—intercontinental attack, strategic defense, general purpose forces, and so forth.

5. Second, the great disparity between Soviet and US outlays year after year for a decade—and before that Soviet expenditures in strategic weaponry in the late 1960s and early 1970s when US defense resources were focused on Vietnam—has led to a substantial cumulative advantage for the USSR. While our defense costing analysis is a means of measuring the disparity in effort, the results of that disparity are best—and most accurately—measured by comparing the forces—where the end product of the spending is manifested.